

SERVICE AGREEMENT

Agreement dated May 31, 2005 between **Sheridan Grove Utility water system**,
owned by **Woodlawn Utilities Corporation**, an Illinois corporation, (hereinafter "Water
Company") and **Smith Ecological Systems, Inc.**, an Illinois corporation (hereinafter "Service
Company")

The background of this Agreement is:

1. Service Company has an affiliate relationship with Water Company to provide Administrative, Secretarial/Clerical, Accounting, Human Resources, Information Systems and Rates and Revenues.
2. Water Company have been organized for the business of providing water as a public utility in the State of Illinois.
3. Because Water Company is of the opinion that it cannot obtain the same quality service on a comparable economic basis elsewhere, it proposes to enter into a new agreement with Service Company.
4. The services to be rendered under this agreement are to be rendered by Service Company to the Water Company at the prevailing market rate, as hereinafter provided.

NOW THEREFORE, in consideration of the premises and mutual agreements herein contained, Water Company and Service Company agree that:

SCHEDULE A

ARTICLE 1 SERVICES TO BE PROVIDED

1.1 During the term of this agreement and upon the terms and conditions hereinafter set forth, Service Company shall furnish and Water Company shall purchase from Service Company the following services: Administrative, Secretarial/Clerical, Accounting, Human Resources, Information and Rates & Revenue. Without limitation, services to be provided by Service Company shall be rendered as following:

- A. **Administrative:** Service Company shall make qualified employees available to perform or assist in the performance of Water Company corporate duties.
- B. **Secretarial/Clerical:** Service Company shall maintain documents of the Water Company, such as contracts, deeds and other corporate records as necessary.
- C. **Accounting:** Service Company shall provide total accounting services including bookkeeping, payroll, tax returns preparation, financial statements preparation, budgets, credit, preparation of financial reports required for regulatory bodies and stockholders.
- D. **Human Resources:** Service Company shall provide necessary labor to properly manage and operate the Water Company.
- E. **Information Systems:** Service Company shall provide necessary phone coverage and data information systems to the Water Company.
- F. **Rates and Revenues:** Service Company shall provide all financial and billing services.

ARTICLE II PAYMENT FOR SERVICES

- 2.1 In consideration for the services to be rendered to the Water Company as herein above provided, Water Company agrees to pay to Service Company the prevailing market rate thereof as described in Article 2.2.
- 2.2 In determining the prevailing market rate to be assessed by Service Company for rendering of services to the Water Company as herein provided, Service Company shall charge no more than the rate the Service Company charges unaffiliated companies for the same service. If the service provided is not offered to unaffiliated companies, then the Service Company must document to the Water Company that the rate charged to the Water Company is no greater than rates charged for similar services to other companies in the surrounding area of the service area of the Water Company.

ARTICLE III BILLING PROCEDURES BOOKS AND RECORDS

- 3.1 As soon as practicable after the last day of each month, Service Company shall render a bill to Water Company for all amounts due from Water Company for services and expenses for such month calculated pursuant to Article II. Such bills shall be in sufficient detail to show separately the charge for each class of service rendered. All amounts so billed shall be paid by the Water Company within a reasonable time after receipt of the bills therefore.

- 3.2 Service Company agrees to keep records pertinent to the Water Company available at all times for inspection by representatives of the Water Company or by regulatory bodies having jurisdiction over the Water Company.
- 3.3 Service Company shall at any time, upon request of the Water Company, furnish any and all information required by the Water Company with respect to the services rendered by Service Company, hereunder, the costs thereof.

ARTICLE IV TERM OF AGREEMENT

- 4.1 This agreement shall become effective as of the later of (a) the date first mentioned above or (b) the date the parties receive the last of any necessary approvals of governmental regulatory agencies having jurisdiction in the premises. Upon becoming effective, this agreement shall be the sole agreement between the parties concerning the subject matter hereof and shall supercede all prior agreements, written or oral. This agreement shall continue in full force and effect until terminated by either of the parties giving the other party hereto thirty day's notice in writing.

Woodllawn Utilities Corporation

Smith Ecological Systems, Inc.

By: 

Mr. Michael Megurdichian
Secretary

By: 

Mr. Mitchell Berg
President